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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

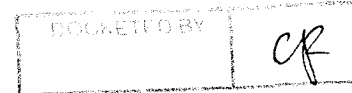
Arizona Corporation Commission

2001 DEC 29 P 3:14

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AT CORP COMMISSION
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DEC 28 2000



IN THE MATTER OF THE APPLICATION OF)
LCR TELECOMMUNICATIONS, LLC FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE COMPETITIVE)
INTEREXCHANGE TELECOMMUNICATIONS)
SERVICES AS A RESELLER.)

DOCKET NO. T-03931A-00-0700

**STAFF'S FAIR VALUE RATE
BASE COMMENTS**

LCR Telecommunications, Inc. ("Applicant") did not file a response to the November 30, 2000 Procedural Order's requirement that the Applicant file Fair Value Rate Base ("FVRB") information in support of its application for a Certificate of Convenience and Necessity ("CC&N"). The November 30, 2000 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or rates and charges by 12:00 noon on December 29, 2000.¹ Staff hereby files its comments as required by the November 30, 2000 Procedural Order.

Because the Applicant did not file FVRB comments, Staff has insufficient information for analysis and recommendation for a fair value finding in this case.

Staff recommends that the Applicant should be required to file in this Docket, within 18 months of the date it first provides service following certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

1. A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Applicant following certification, adjusted to reflect the **maximum rates** that the Applicant has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit;

¹ The November 30, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that the Applicant is utilizing the appropriate amount of depreciation and capital carrying costs in determining its total service long-run incremental costs.

1 2. The total actual operating expenses for the first twelve months of
2 telecommunications service provided to Arizona customers by the Applicant following
certification; and

3 3. The value of **all assets**, listed by major category, used for the first twelve
4 months of telecommunications service provided to Arizona customers by the Applicant
5 following certification. Assets are not limited to plant and equipment. Items such as
office equipment and office supplies should be included in this list.

6 Staff recommends that the Applicant's proposed tariffs be approved on an interim basis
7 pending its timely provision of the above-described data to the Commission, and that the Applicant's
8 failure to timely file sufficient information for Staff analysis and recommendation for a fair value
9 finding and permanent tariffs should result in the expiration of the Applicant's CC&N and interim
10 tariffs. In addition, if there are any disagreements with any FVRB information that the Applicant
11 files, the Order granting the Applicant's CC&N should be stayed pending resolution of those
12 disagreements.

13 RESPECTFULLY SUBMITTED this 29th day of December, 2000.

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16 Devinti M. Williams
17 Arizona Corporation Commission
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19 The original and fifteen copies
20 of the foregoing filed this 29th day
of December, 2000, with:

21 Docket Control
22 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

23 Copy of the foregoing was mailed
24 this 29th day of December, 2000 to:

25 Martin J. Tibbitts
26 LCR TELECOMMUNICATIONS, INC.
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27 
28 Angela L. Bennett